



## **PUBLIC DISCLOSURE**

July 27, 2015

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Home Federal Bank  
Charter Number 700057

624 Market St  
Shreveport, LA 71101-3643

Office of the Comptroller of the Currency

1800 NW Loop 281  
Suite 306  
Longview, TX 75604-2516

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

Home Federal Bank (bank) has a "Satisfactory" record of meeting the credit needs within its assessment area. The major factors that support this rating include:

- The bank's loan to deposit (LTD) ratio is more than reasonable.
- A majority of the bank's loans are originated inside its assessment area.
- The bank's geographic distribution of loans reflects a reasonable dispersion within the bank's assessment area.
- The bank's distribution of loans based on borrower income and business revenues represents a reasonable penetration.

**SCOPE OF EXAMINATION**

Home Federal Bank's Community Reinvestment Act (CRA) performance was evaluated using the small bank procedures. Under these procedures, loan originations are evaluated to determine if the bank is meeting the credit needs of its assessment area (AA). Conclusions regarding the bank's lending performance are based on all 1-4 family mortgages originated from January 1, 2013 to May 31, 2015. In addition, we reviewed a sample of sixty loans to businesses during this same time period.

**DESCRIPTION OF INSTITUTION**

Home Federal Bank (bank) is a federally chartered stock savings bank headquartered in Shreveport, Louisiana. The bank had total assets of \$370 million, as of June 30, 2015 and is wholly owned by Home Federal Bancorp, a one-bank holding company. Home Federal is a full service community thrift providing financial products and services to both consumers and businesses. The bank offers a wide array of loan and deposit products to its customers. Home Federal's main office is located in Shreveport. In addition, the bank has two branch locations in Bossier City, Louisiana, two branch locations in Shreveport, along with a loan production office located in Shreveport. The bank has automated teller machines (ATMs) located at its main and branch offices.

As of June 30, 2015, Home Federal's loan portfolio totaled \$285 million. The following chart reflects the distribution of loans by category.

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
1-4 Family Mortgages	\$142,292	49.84%
Commercial Real Estate	\$77,326	27.09%
Other Construction and land Development	\$26,444	9.26%
Commercial Loans	\$28,019	9.82%
Residential Construction	\$11,041	3.87%
Consumer	\$353	0.12%
<b>Total</b>	<b>\$285,475</b>	<b>100.00%</b>

There are no legal, financial or other factors impeding the bank's ability to meet the credit needs in its assessment areas. The bank's CRA performance was previously evaluated as of April 11, 2011 with a performance rating of "Satisfactory."

## **DESCRIPTION OF ASSESSMENT AREA(S)**

Home Federal has designated all of Bossier and Caddo Parishes as the bank's assessment area. These parishes are part of the Shreveport-Bossier City, LA metropolitan statistical area (MSA) and have eighty-six census tracts (CTs). Eleven of the CTs are low-income, twenty-one are moderate-income, thirty-one are middle-income, twenty-two are upper-income, and one is not designated. This assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude any low or moderate-income geographies.

Bossier and Caddo Parishes have a combined population of 371,948. Numerous financial institutions compete in this market with Home Federal having the eighth largest deposit market share with four percent of the area deposits. The area economy is considered stable, even after being negatively impacted in 2013 from the closure of the General Motors Plant. Major employers include Barksdale Air Force Base, Bossier and Caddo Parish School Boards, State of Louisiana-Department of Civil Service, Willis Knighton Health System and numerous local casinos. Based on a recent contact with a representative of a local business group, the primary need within the assessment area is for loans to fund start-up companies. This representative felt the local financial institutions were providing products and financing which help meet these needs. The following table provides a description of the Shreveport-Bossier City MSA assessment area based on 2010 census data and 2014 Department of Housing and Urban Development information.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	90,246
Number of Households	140,479
<i>Geographies</i>	
Number of Census Tracts/BNA	86
% Low-Income Census Tracts/BNA	12.79%
% Moderate-Income Census Tracts/BNA	24.42%
% Middle-Income Census Tracts/BNA	36.05%
% Upper-Income Census Tracts/BNA	25.58%
% NA	1.16%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$52,063
2014 HUD-Adjusted MFI	\$55,600
<i>Economic Indicators</i>	
Unemployment Rate	7.1%
2010 Median Housing Value	\$115,058
% of Households Below Poverty Level	16.80%

Source: U.S. Census Data.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Home Federal's performance under the Community Reinvestment Act is "Satisfactory". The bank's loan-to-deposit ratio is more than reasonable and a majority of the bank's lending activity occurred inside its AA. In addition, the distribution of loans to borrowers of different income and businesses of different sizes reflects a reasonable penetration. The geographic distribution of loans represents a reasonable dispersion throughout the AA. Finally, there were no CRA related complaints filed during this evaluation period.

### Loan-to-Deposit Ratio

The bank's LTD ratio is more than reasonable based on the bank's size, financial condition and assessment area credit needs. The bank's quarterly LTD ratio averaged 92.85 percent since the prior CRA Examination dated April 11, 2011. The average LTD ratio for all other banks within the assessment area for the same time period was 56.20 percent.

<b>Institution</b>	<b>Assets (000s) (as of 03/31/15)</b>	<b>Average LTD Ratio</b>
<b>Home Federal Bank, Shreveport</b>	<b>\$358,131</b>	<b>92.85</b>
Citizens National Bank, N.A., Bossier City	\$825,270	78.66
Citizens Bank & Trust Company, Vivian	\$146,128	75.91
First National Bank, Benton	\$53,306	77.98
Tri-State Bank & Trust	\$35,487	12.24
<b>Average Loan to Deposit Ratio</b>		<b>56.20</b>

**Lending in Assessment Area**

The bank’s performance of lending within its assessment area is satisfactory. A majority of loans originated during the assessment period were extended within the bank’s assessment area. Our initial sample included 1,116 home purchase loans, 379 home refinance loans, and 20 loans to businesses. The breakdown by loan category is detailed in the following table.

<b>Lending in Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	862	77.24	254	22.76	1,116	134,203	79.10	35,459	20.90	169,662
Home Refinancing	349	92.08	30	7.92	379	68,008	91.19	6,571	8.81	74,579
Loans to Businesses	18	90.00	2	10.00	20	11,868	98.34	200	1.66	12,068
Totals	1,229	81.12	286	18.88	1,515	214,079	83.52	42,230	16.48	256,309

Source: Loan Sample and HMDA Data.

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The distribution of loans to borrowers of different incomes and to businesses of different sizes represents a reasonable penetration throughout the bank’s AA. Our conclusion placed more emphasis on home loans as this represents the bank’s most significant lending activity.

The distribution of loans among individuals of different income levels is reasonable based on home purchase loans that represent the bank’s most significant loan product. While the percentage of loans to low-income families was significantly below the AA’s demographics, home purchase loans originated to moderate-income families were near to the AA demographics. Residential refinancing loans reflected similar numbers. Factors that inhibit the origination of loans to low-income families include a high percentage of families that live below the poverty level at 16.80 percent. In addition, the weighted average value of housing stock within the bank’s AA was \$115,058, making it difficult for low-income families to qualify for a home loan.

<b>Borrower Distribution of Residential Real Estate Loans in AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	22.97	3.13	16.03	12.99	18.55	19.61	42.45	39.21
Refinancing	22.97	2.01	16.03	6.59	18.55	10.03	42.45	48.42

Source: HMDA Data & U.S. Census Data.

Note: No income information available for 25.06 percent of home purchase and 32.95 percent of refinance applicants.

There is poor penetration among businesses and farms of different sizes. Forty five percent of the loans we sampled were to borrowers with revenues less than \$1 million, compared to the demographics of the area at 80.07 percent.

<b>Borrower Distribution of Loans to Businesses in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	80.07	2.91	17.02	100%
% of Bank Loans in AA by #	45.00	55.00	0.00	100%
% of Bank Loans in AA by \$	25.31	74.69	0.00	100%

Source: Loan Sample and Dun and Bradstreet data.

**Geographic Distribution of Loans**

The bank's geographic distribution of loans to CTs of different income levels reflects a reasonable dispersion within the bank's AA. Our conclusion placed more emphasis on home loans as this represents the bank's most significant lending activity.

The geographic distribution of home loans represents a reasonable dispersion throughout the AA. The percentage of home loans originated in low-income tracts exceed the percentage of owner occupied housing while the percentage of home homes extended in moderate-income tracts is near to the percentage of owner occupied housing.

<b>Geographic Distribution of Residential Real Estate Loans in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchasing	3.71	5.92	16.80	15.31	39.13	25.75	40.36	53.02
Refinancing	3.71	5.44	16.80	15.19	39.13	28.65	40.36	50.72

Source: HMDA Data & U.S. Census Data.

The geographic distribution of loans to businesses represents an excellent dispersion throughout the AA. The percentage of loans to businesses originated in low and moderate-income tracts exceeded the percentage of businesses located in these tracts.

<b>Geographic Distribution of Loans to Businesses in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA businesses	% of # of Loans	% of AA businesses	% of # of Loans	% of AA businesses	% of # of Loans	% of AA businesses	% of # of Loans
Businesses	11.23	25.00	22.09	25.00	34.28	21.67	32.40	28.33

Source: Loan Sample and Dun and Bradstreet data.

**Responses to Complaints**

The bank did not receive any complaints or public comments regarding CRA performance during this evaluation period.

**Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSAs lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.